

ACTION NEA-00

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SENSITIVE

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Subject: QCPA 1130: Administrator's Weekly Essential

Services Report: May 1-7, 2004

1. (SBU) Summary. The Essential Services Report is one of four Administrator's reports produced weekly by CPA-Baghdad. CPA-Washington distributes all four administrator's weekly reports - Security, Essential Services, Economic, and Governance - with graphics via email. The Economic, Governance, and abridged versions of the Security and Essential Services reports will be posted after 48 hours on the CPA website, www.cpa-iraq.org. The full Security and Essential Services reports remain sensitive but unclassified. Headlines of paragraphs 3-8 reflect goals in the coalition provisional authority strategic plan. End summary.

2. (SBU) Highlights

-- The seven-day average (May 1-7) of peak electricity production was 3,766 MW.

-- Stock levels for all four major fuels (diesel, benzene, kerosene, and liquefied petroleum gas) are at seven days of supply or better nationwide for the first time since recording began in September 2003.

-- Since May 2003, the CPA has established cell phone service for 389,111 subscribers nationwide.

Provide Electricity Services that Meet National Needs

3. (SBU) CPA tasks: Improve generating capacity to 6,000 MW by June 1, 2004; fully implement policy on allocation of electrical power; publish draft of long term strategy; minimize sabotage and improve security.

-- The seven-day average (May 1-7) of peak electricity production was 3,766 MW, a decrease of 7.5 percent from the previous week. On May 1, peak production hit a high for the week at 4,071 MW. There was an increase of unplanned generator outages which contributed to the decline.

-- The seven-day average (May 1-7) of total production of electrical energy was 80,172 MWh per day, a decrease of 1.6 percent from the previous week. On May 4, the total hours of electrical energy peaked for the week at 82,431 MWh.

-- This past week, an average of 855 MW (21 generators) of generating capacity was on forced (unplanned) outage, and an average of 1,326 MW (27 generators) was on scheduled outage. Four (400 Kv) and nine (132 Kv) transmission lines are currently out of service. Notable transmission line repairs this week: normal power service to Habbaniyah, (between Fallujah and Ramadi) was restored this week, repairing battle damage that occurred approximately 14 days ago. Normal power service also was restored to the select regions of Karbala, which were without power for several days due to transmission sabotage that occurred approximately 7 days ago.

-- The following chart represents the daily electric power consumption broken down among the North, Central (including Baghdad), and South regions. Per day during the reporting period, the North, which represents 35 percent of the total population, consumed an average of 821 MW or 22 percent of total power consumption. The Central region, which represents 25 percent of the total population, consumed 2,402 MW or 63 percent of total power. The South, which represents 40 percent of the total population, consumed 570 MW or 15 percent of total electricity consumption.

Reconstruct Communications and Postal Systems

4. (SBU) CPA tasks: Build Iraq's First Responder Network; establish independent regulatory agency; upgrade Iraqi telephone and postal company (ITPC) network for interoperability; build transmission component data network for Iraq, including international gateways; restructure ITPC and its business operations; upgrade and modernize postal systems; upgrade ITPC outside plant for increased subscriber capacity and use.

-- Baghdad Digital Network: 2650 handhelds, 350 mobile stations, and 45 base stations have been installed and are operational for the Police. For the Baghdad fire+

department, 200 handhelds, 55 mobile stations, and 25 base stations have been installed and are operational. For Baghdad Emergency Medical Technicians (EMTs), 50 handhelds have been installed and are operational.

-- Nationwide Iraqi Police Service: 700 handhelds, 204 mobile stations, and 12 base stations have been installed for the Iraqi Police Service.

-- Department of Border Enforcement: 210 mobile stations have been received and 125 have been installed for the Department of Border Enforcement.

-- The State Owned Internet Company currently has over 43,000 dial-up subscribers in Baghdad. There was limited service pre-war and now, approximately 11,000-12,000 new subscribers are added per week.

-- Since May 2003, CPA has reinstated landline telephone service for 178,409 subscribers in Baghdad, including 7,159 this past week.

-- The following paragraphs delineate the number of landline and cell phone subscribers in Iraq, and compare them to pre-war estimates. The chart below shows the number of active landline subscribers in April 2003, the current number of active landline subscribers, the number of landline subscribers reinstated post-conflict (since May 2003), and the number of formerly active landline subscribers who remain without service (excluding the three Northern governorates).

-- The three major cell phone companies in Iraq (Asia Cell, Iraqna, and Atheer in the North, Central, and South respectively) continue to enroll new cell phone subscribers. Cell phone subscribers total 389,111 nationwide. Currently, in Mosul, Sulaymaniyah, and Kirkuk, there are 162,021 cell phone subscribers. In Baghdad,

there are 170,000 cell phone subscribers; and in Basra, Al Kut, Amarah, Samawah, and Nasiriyah there are 45,090 cell phone subscribers. Sana Tel, which operates in Sulaymaniyah, has 12,000 subscribers.

-- There are now 766,709 active landline telephone subscribers in Iraq, compared to 833,000 subscribers pre-war. The total number of telephone subscribers in Iraq, including the cell phone subscribers, is 1,155,320, which is 38.7 percent greater than the number of active landline subscribers pre-war. Cell phone service was very limited pre-war.

-- The following chart shows the percentage of operational landline telephone subscribers compared to the number of active subscribers in April 2003.

-- The penetration rate (the number of active landline telephone subscribers as a percentage of the population) is 2.82 percent vs. 3.1 percent pre-war (using an estimated population of 27,139,021). Note: this is an updated figure from previous reports. Source: Iraqi Central Statistical Organization 1997 Census, (assuming 3% annual growth).

-- The following map and table show the penetration rate for cell phone users based on current availability from the cell phone companies. Note: the map and table only include areas where cell phone service currently exists.

Improve Quality and Access to Healthcare

5. (SBU) CPA tasks: Develop health care organizations, management, and infrastructure; train health care professionals; secure system; public health; pharmaceuticals logistic support; strategic communications.

-- The Ministry of Health 24 hour Operations Center continues to respond to the fluctuating situations in the country. CPA officials traveled to the proposed site of Displaced Civilian (DC) camp last Saturday to assess needs and capabilities. The Ministries of Transportation, Municipalities and Public Works, and Displacement & Migration, are also heavily involved in the planning for any displaced civilians.

-- CPA continues to integrate the training of special procurement teams for the purchase of pharmaceuticals and medical supplies. The special procurement teams are being

integrated into the emergency drug purchase efforts so they will have the full range of procurement options available both in the short and long term. Deliveries of the initial

\$5 million purchase should begin within the next two weeks.

Provide Food Security for All Iraqis

6. (SBU) CPA tasks: Enhance capacity of Ministry of Agriculture; assure supply of inputs; strengthen research system; ensure adequate stocks for Public Distribution System (PDS); monitor food security; hand over administration of system in the north; initiate reform of rations basket; environmental initiatives.

-- The following chart shows the current PDS stocks and scheduled commodity arrivals as a percentage of total requirements from April until transition on July 1. The CPA goal is to provide sufficient ration stocks for July, plus a three-month buffer. On the graph below, 100 percent of opening stocks in each commodity category indicates that this goal has been achieved. CPA has procured substantial additional shipments of most food basket commodities; they are not shown as these shipments will arrive after July 1.

-- Note: Oil for Food (OFF) unconfirmed contracts are those contracts for which a valid letter of credit exists but no shipping documentation has yet been received by the Oil for Food Coordination Center. As OFF contracts are fulfilled they are replaced by the Ministry of Trade (MOT) and World Food Program (WFP) procurement.

-- The Ministry of Trade (MOT) recently concluded the procurement of 200,000 metric tons of wheat under their first procurement cycle (MOT-1) for the PDS. CPA continues to work closely with the MOT to conclude procurements under MOT-1 and begin the second phase of procurements (MOT-2). Once contracts for MOT-2 are in place, there will be sufficient quantities of commodities in the PDS through December, 2004 plus a 3-month buffer.

-- The pulse ration has been reduced to one kg per person for the months of May and June. There are no rations planned for the months of July, August, and September. Lentils are traditionally taken out of the food basket during the summer and this year will be replaced by tomato paste and processed cheese. Tea rations were decreased recently due to a missed shipment in April.

-- Figures for rice arrivals are uncertain due to the unpredictability of offloading of vessels in Umm Qasr. Delivery of large quantities of rice in the coming month will begin to build buffer stocks.

-- In the meetings in Amman this past week, CPA representatives reached agreement on logistics for the importation of more than one million metric tons of commodities over the next three months. Plans were also finalized to create an Iraq logistics cell in Rome staffed by Iraqis and to put in place a new inventory management system.

Reconstitute Oil Infrastructure

7. (SBU) CPA tasks: Production/exports; product supply; security; structural reform.

-- The graph below shows the daily crude oil production in Iraq over the past nine months. The dashed black line is the current production target goal of 2.5 million barrels per day (MBPD).

-- For the week of May 1-7, the estimated average total crude oil production was 2.42 MBPD (.407 MBPD in the south and 2.011 MBPD in the north). The average crude oil export for the past 30 days was 1.823 MBPD. The average price received for crude oil exports was approximately \$28.50 per barrel.

-- Through the combined efforts of the Iraqi Ministry of Oil and Coalition Forces, it is now possible to pump benzene through the pipeline from Hammam Al Allil (Mosul) south to Baiji. This will help move product south and alleviate the backlogs of trucks in the north.

-- This past week, the two pipelines supplying crude oil to the Daura Refinery (Baghdad) from the north and south were sabotaged, causing the refinery to shut down 6 May. The 18" pipeline from the south into Daura was sabotaged and was repaired by the Iraqi Pipeline Company on May 4. However, the same 18" line was hit in multiple locations on

May 5. Repairs to a 16" pipeline from the north were completed by TD Williamson on May 6. However, another hit to a 12" line occurred on May 5 but was repaired May 9. Crude oil is flowing into Daura refinery from the north as of 10 May, and it is estimated to take 3 to 5 days to start

up at approx 40% of normal capacity since that is the maximum that can be supplied from the north.

-- Aircraft for the Aerial Surveillance Mission, which is part of the oil security plan, landed in Iraq on May 1. These aircraft will remain in Baghdad for approximately five to seven days to allow personnel to in-process and install additional equipment before moving on to their final operating base. Current estimated date of the first mission is May 10. Flight operations mostly take place at night.

-- Diesel imports from the Defense Energy Support Center (DESC) had a record day on May 2: approximately 11.2 million liters imported from Turkey. The previous record was approximately 11.0 million liters on April 29. Storage remains full in the Multinational Brigade North (MNB-N), as interdiction of main supply routes to Baghdad prevent product movement southward. Backup of product flow has caused a glut of tanker trucks in the north awaiting download (approximately 40 million liters). DESC temporarily paused product loading in Turkey to allow the supply chain to catch up. Product delivery is scheduled in the near term via pipeline, which will free storage and allow truck movements to resume.

-- The following table shows the four main fuels in Iraq (diesel, kerosene, liquefied petroleum gas [LPG], and gasoline), the estimated total national daily demand for each, and the percentage of fuel supply that is on hand (weekly average) out of total demand. LPG projected consumption figures were adjusted to reflect the most current Ministry of Oil estimates. Daily demand is now estimated at 4,800 metric tons, up from 4,500. Kerosene estimated daily demand decreased to 5 million liters, due to warmer weather.

-- The graph below shows the total daily supply (domestic production plus imports) for each of the four refined fuel products as a percentage of estimated domestic demand over the past six months.

-- The graph below shows the seven day average, cumulative total and revenue for crude oil exports.

-- The chart below shows the days of supply on hand as of May 7 for each of the four main fuel products in Iraq. The CPA goal remains to have 15 days of supply (DOS) for each fuel on hand nationwide. CPA met this target for kerosene.

-- Stock levels for all four major fuels (diesel, benzene, kerosene, and liquefied petroleum gas) are at seven days of supply or better nationwide for the first time since recording began in September 2003.

Restore Economically-Strategic Transportation Infrastructure

8. (SBU) CPA tasks: Enable the Iraqi Civil Aviation Authority to run a civil aviation system, which will support the country's air transport needs; Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service; enable Iraqi Port Authority (IPA) to administer a port of call with intermodal capabilities and inland container distribution; enable Iraqi Republic Railways (IRR) to provide domestic and international passenger and freight capabilities; reform civil service at Ministry of Transportation.

-- The following graphs indicate the number of military and civilian departures from Baghdad International (BIAP), Mosul, and Basrah Airports. BIAP's civilian departures climbed as a result of increased humanitarian assistance flights and evacuations.

-- A U.S. Army Criminal Investigative Division (CID) team visited the Port of Umm Qasr on May 6 to follow up on a Port assessment conducted by the U.S. Navy in October, 2003 to evaluate the current operational situation. The team was also interested in the theft of Army equipment including a container of night vision goggles. The team interviewed the commanders of the U.S. Army's 113th Movement Control Team and Surface Deployment and Distribution Detachment and representatives from

Stevedoring Services of America (SSA). The CID also interviewed the Executive Officer of the Queen's Royal Lancers and the Iraqi Port Security Manager. The CPA Maritime Adviser and his deputy were interviewed and asked to provide information on short and long term challenges facing the Port, including the uncertainties associated with the June 30 transition. The team was not able to tell the Ministry of Transportation officials when the new Port assessment would be available.

-- Possible evidence of corruption and extortion has emerged at Abu Fulus (a port on the Iranian border), including shots being fired and a small riot (40-50 people) resulting in a broken gate and traders departing due to

threats of extortion. Due to possible corruption among local security guards and Customs Police, the Ministry of Transportation (MoT) staff in Umm Qasr requested that the British military close Abu Fulus, and clear out the guards and Customs Police. Over the course of approximately 3 weeks, the operation will involve securing Abu Fulus, re-opening it with guards and Customs Police, and eventually closing illegal locations in the nearby area.

-- The aviation team has initiated discussions with cargo ground support providers operating at BIAP regarding the need to rapidly establish the capacity to handle increased reconstruction-related flights. This effort, which the aviation team is coordinating with PMO Logistics, will probably serve as an interim solution to be eventually replaced post-June 30 with competitively bid concessionary arrangements for ground support. Select cargo handlers will provide detailed proposals in early May.

-- A total of eight new Ukrainian-built locomotives out of thirty have been received under the Oil-for-Food Project. Unfortunately, only two had been fully inspected and certified by the Russian technicians before the technicians evacuated the country. The Iraqi Republic Railway (IRR) is now attempting to do the work themselves but this is proving difficult with the small amount of training provided before the Russians left.

-- As reported by the Iraqi MoT, 13 buses (1 Daewoo intercity and 12 Daewoo intracity) will depart May 9 from the port of Kuwait to Baghdad comprising the second shipment in the total contribution from the Korean International Cooperation Agency (KOICA). The first shipment of 22 intercity buses arrived in Baghdad on April 29. The final shipment of 38 intracity buses is inbound with an estimated arrival date of May 17. The total contribution is 23 intercity, 50 intracity, and appropriate spare parts.

-- CPA MoT staff, along with the Director General of Private Company (taxis and mini-buses) and Operations Manager of Passenger Transport Company, attended the first meeting of the Baghdad Safety Council's Traffic Control Committee. Discussion points included a common complaint that buses stop along the road, not at bus stops-partly explained by the fact that bus stops are inhabited by squatters.

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